

Clean Water Fund Pilot Projects

The DNR was recently granted the authority to use the Clean Water Fund Program to establish “Pilot Projects” for non-traditional wastewater treatment alternatives and has been working to further define and refine the pilot project program. The following is a series of questions and answers regarding the program.

Q. What are Clean Water Fund Program (CWFP) Pilot Projects?

These are projects intended to address non-traditional Clean Water Fund practices, such as those anticipated in the adaptive management and water quality trading programs, as long as they are eligible under the federal Clean Water Act.

Q. What are some example activities that might qualify for a pilot project?

Pilot projects help fund non-traditional activities intended to meet a municipal wastewater treatment plant’s permit limits. For example, some treatment plants may determine that adaptive management or water quality trading might be a more cost-effective approach to meet their permit limits than a traditional treatment plant upgrade. Practices implemented under an adaptive management or water quality trading plan could be considered eligible as pilot projects.

Q. How will the program work?

Municipal wastewater treatment plants for which adaptive management or water quality trading might be the most cost-effective option for meeting their water quality permit limits will follow the same initial process as traditional CWFP projects. The municipality will need to submit an Intent to Apply (ITA) form by 12/31 of the year prior to the state fiscal year for which they are seeking funding. For example, if an applicant wants to be considered for SFY ’15 funding (beginning July 1, 2014), they will need to submit an ITA by 12/31/13. The CWFP ITA forms have been revised to include pilot projects as an option.

The municipal wastewater treatment plant will need to follow the permit process for adaptive management or water quality trading, including development of required plans. The DNR Environmental Loans program staff are working closely with staff in the Permits program as municipalities investigate adaptive management and water quality trading as alternative approaches to meeting their water quality limits.

Q. What costs will be covered?

The DNR is still assessing what costs might be covered through a pilot project. It is anticipated that partnerships between the municipal WWTP and local nonpoint source land and water conservation experts (such as county land conservation staff) will be established to fully implement an adaptive management or water quality trading project. Monitoring and planning costs for adaptive management and trading are likely to be eligible, assuming that they are associated with construction activities. Adaptive management and water quality trading plans will need to include the activities and costs for reducing nutrient outputs to the system. DNR is also working with other programs and agencies to identify opportunities for bundling or combining funding options with the pilot project funding. DNR will continue to update this fact sheet as more information becomes available with respect to cost and activity eligibility.

Q. What is the interest rate and the term of the loan for pilot projects?

The pilot projects are initially anticipated to be awarded as 0% interest rate loans. We are working to establish the pilot project program in parallel with the adaptive management permit program, which consists of three 5-year permit increments.

Q. When will the program be fully implemented?

The DNR anticipates that there will be a limited number of municipal WWTP permittees that request pilot funding for adaptive management or water quality trading in SFY '15. However, several facilities may be able to apply for pre-adaptive management funding in SFY '15 to help conduct the monitoring necessary for establishing an adaptive management permit. There are many questions and issues still being addressed by the DNR. As is the nature of pilot projects, we anticipate the program to be implemented in somewhat of an iterative process, learning as we move forward with the first projects.

Q. Who can I contact for more information?

Contact Robin Schmidt, Chief, Environmental Loans Section for more information on the CWFP Pilot Project program at robin.schmidt@wisconsin.gov or (608) 266-3915. For more information on Adaptive Management or Water Quality Trading, please contact Amanda Minks at Amanda.minks@wisconsin.gov or (608) 261-6450.